

Development Opportunity Assessment For Johnson County, Nebraska Top 5 Considerations for Johnson County:

This assessment has been prepared by the **Center for Rural Entrepreneurship** in support of the Southeast Nebraska Development District (SEND D's) Comprehensive Economic Development Strategy (CED S).

All supporting research and analysis for this assessment is available in the Center's online library at:

<http://bit.ly/tgD2Y5>

Research in the electronic library provides expanded analysis: demographics, the local economy, businesses, agriculture and trade capture.

You are encouraged to view all of these resources for additional insight and clarification.

We welcome your questions and our team will work with SEND D to be responsive to your feedback.

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www.energizingentrepreneurs.org

1. **Regional Development.** Today's world economy is very competitive and it is very challenging for local communities to effectively support the level of development necessary to ensure long-term success. The Center for Rural Entrepreneurship encourages leaders in Johnson County to consider actively partnering with neighboring communities to capitalize a more robust community economic development strategy. Moving to the next level is critically important. The location of the state prison has given Johnson County an opportunity and some breathing room. **Building on this success is important and connecting with the regional metro related growth particularly in Omaha and Lincoln, could be very important to sustaining development.**
2. **Population Growth & New Residents.** When compared to the nation, Johnson County is relatively rural and small. The past decade has witnessed positive population growth in Johnson County and there is an opportunity to reverse the long-term trend of depopulation with a new trend where demographic renewal is sustained. Creating a stronger local economy by supporting local entrepreneurs could create employment and career opportunities necessary to fuel continued demographic renewal. Particular focus should be on young people from the area who want to stay or return and creating pathways for young families to return. Finally, given the relative location of the County and its value proposition (cost of living relative to quality of place), Johnson County has some opportunity to attract younger retirees. **This demographic could bring new capital, ideas and leaders to the County.**
3. **Business Transition. Both the farm and non-farm business owners are aging and business/farm transition is a potential huge issue for Johnson County.** Serious consideration should be given to creating a business transition development game plan that reduces business liquidations and ensures a higher percentage of transition to new owners.
4. **Local Entrepreneurs. Rising self-employment proprietorship data suggests a growing level of entrepreneurial activity.** The Center for Rural Entrepreneurship recommends that the economic development leadership of Johnson County further investigate these trends to better understand the embedded development opportunities. Helping these small businesses and entrepreneurs succeed could rebuild and diversify the local business community providing critically important job and career opportunities for commuters, youth that want to return home, younger families and early retirees.

5. **Retirees and Giveback.** The Center for Rural Entrepreneurship recommends that the economic development leadership of Johnson County focus on how to provide a strong and supportive environment for retirees. Strong local health care and other services are foundational to retaining retirees and their substantial local spending levels. Additionally, retirees likely account for 60% of all household wealth in the county. Active consideration of a giveback strategy to not only address retiree needs, but also capitalize other development initiatives makes sense.

The Findings

Location. Johnson County is located in the heart of Southeastern Nebraska and outer urban footprints of both Lincoln and Omaha. Their potential development opportunities are associated with the nationally competitive Lincoln/Omaha metropolitan area. More distant opportunities are possibly associated with the strong growth occurring in the Kansas I-70 corridor (e.g., Manhattan to Kansas City) and the Kansas City metro. However, the immediate region is experiencing long-term depopulation and economic decline. Optimizing metro connections are essential to offset the negative impacts of immediate area decline.

Demographics. Between 1970 and 2010, Johnson County sustained moderate population decline averaging a negative 0.23 annualized rate of population loss. Projections call for continued depopulation, but at a slower rate of decline. During the past decade, the County witnessed natural population decline (births/deaths) losing just 41 residents over a decade. Migration related population change was positive increasing by 636 residents resulting in overall population growth for the decade. This important turnaround was stimulated in large part of the location of a state prison and the resulting increase in economic activity and on-going employment. Building off of this turning point is critical and provides the County with an opportunity for demographic renewal and even growth.

Retirees	\$45 million
Government	\$44 million
Commuters:	
Inflow	\$36 million
Outflow	\$17 million
Farming	\$14 million
Health Care	\$7 million

Economy. In the Center for Rural Entrepreneurship’s analysis they focused on sources of income that drive the County’s economy. The chart above summarizes Johnson County’s primary sources of household personal income. Government is particularly important now in Johnson County where state (particularly the prison) and local government account for the second largest source of income behind retirees, and followed by commuting workers and agriculture. The total impact of retirees and agriculture are under-estimated using the personal income indicator. Both of these sectors provide foundations for the area economy. Retirees represent about \$45 million of personal income in 2009. Persons living in the County, but working outside of the County generate an additional \$36 million of personal income (2009). A smaller percentage of workers live outside of the County but commute regularly into the County for work (\$17 million in 2009). Retirees provide a stabilizing force within the economy, but dependence upon commuting is more volatile as gasoline prices can impact the economic viability of commuters. We are once again experiencing rapidly rising gasoline prices that will erode the economic status of commuters.

Recession. Compared to most other counties in the United States, Johnson County was only marginally impacted by the Great Recession (2007 – 2009). Using unemployment rates as an indicator prior to the Great Recession, the County’s employment rates averaged in the 2% range and then rose to over 5% in January 2010. Today rates are higher when compared to the Great Recession pre-period, but back in the 3% range. Rising and sustained higher petroleum prices are likely to erode net incomes for both households and farms limiting economic growth. Better understanding how commuting and gasoline prices impact the County’s economy will be important as Johnson County plans its future.

Business. According to www.youreconomy.org there were 545 businesses in Johnson County in 2008. Between 1992 and 2001 the County saw an increase of 93 new businesses (26% increase) and 741 net new jobs created (41% increase).

However, between 2001 and 2008 there was a net decline of 22 jobs while 99 net new businesses were created. Most of the job losses were associated with externally owned employers. During this same period 83 net new self-employed ventures were created. This suggests a high degree of early stage entrepreneurial activity. Better understanding the self-employment sector of the County's economy is recommended. Another indicator of the County's economy is locally owned proprietor businesses. These tend to be smaller and family owned. Between 1990 and 2009 personal income realized by non-farm proprietorships increased from around \$4 million to over \$10 million today. In 2002 farm proprietorship had zero personal income and today incomes have risen to \$15 million. Improvements in this part of the economy are good signs and should be a focus for deeper exploration and support.

Omaha & Lincoln

Omaha and Lincoln are positioned to see sustained and above average growth in the next 50 years with their economic footprints expanding dramatically. This development can be supported and steered by communities like Johnson County if local leadership is pro-active, plans well and encourages smart growth. Communities that fail to assume this role can be simply overwhelmed and become the victims of urbanization.

Wealth. Like many rural counties in the Great Plains, Johnson County can be classified as cash poor and land rich. Thirty-one percent of the County's households can be classified as low-income (above the state average), 63% as middle income (higher than the state average) and six percent as high income (below the state average). But when household current net worth (2010 data) is considered, 45% are low wealth, 38% as mid-level wealth and 17% as high wealth. This difference between high income and high wealth is associated with wealth embedded in farm land and locally owned closely held family businesses. Bottom line, there is significant potential for charitable giveback that could support both community and economic development. Such giveback and investments could be strategically used to capitalize a stronger economy in future years.

The Center for Rural Entrepreneurship is the focal point for energizing entrepreneurial communities where entrepreneurs can flourish. Created in 2001 with founding support from the Kauffman Foundation and the Rural Policy Research Institute (RUPRI), the Center is located jointly in Nebraska, North Carolina, and Missouri. The Center's work to date has been to develop the knowledge base of effective practices and to share that knowledge through training and strategic engagement across rural America. Working with economic development practitioners and researchers, the Center conducts practice-driven research and evaluation that serves as the basis for developing insights into model practices and other learning. The Center is committed to connecting economic development practitioners and policy makers to the resources needed to energize entrepreneurs and implement entrepreneurship as a core economic development strategy. To learn more about the Center, visit www.energizingentrepreneurs.org.

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Development Opportunity Assessment
For **Johnson** County, Nebraska